

## MILK VOLUME PRODUCTION (MVP) PROGRAM

The Milk Volume Production (MVP) program is designed to assist dairy producers that are undertaking capital improvement projects that will result in a significant increase in Wisconsin's milk production. This program was created to aggressively support Wisconsin's \$20 billion dairy industry. The goal of the MVP program is to provide qualifying dairy producers with the type of financing necessary to fill the "equity gap" and to partner with local communities to increase dairy production in Wisconsin. It is important to note that the MVP application process is competitive and not all applications will be funded. Only those projects that have a comprehensive business plan and can demonstrate that they will have a long term sustainable impact upon Wisconsin's milk production will be successful.

---

### ELIGIBILITY:

All dairy producers that are, or will be located in Wisconsin and are planning capital investments that will result in significant long-term increases in Wisconsin's capacity to produce milk are invited to apply.

### LEVEL OF PARTICIPATION:

Commerce's participation is limited to no more than \$500 for each cow added to the operation. The maximum award available under the MVP program is \$1 million.

### ELIGIBLE PROJECT COSTS:

Eligible Project Costs are limited to the cost of acquiring cows.

### FINANCE TERMS AND CONDITIONS:

The loan term shall be seven (7) years with a **fixed interest rate of 2%** for the life of the loan. Repayment will be deferred for the first year followed by interest only payments in the second year. The loan will then be amortized during years three (3) through seven (7) with equal monthly payments of principal and interest.

### COLLATERAL:

The Department will provide near equity financing supported by a Farm Security Agreement that is subordinate to the project's primary lender. Personal guarantees will also be required.

### UNDERWRITING CRITERIA:

The actual amount of Commerce's participation, if any, is dependent upon a comprehensive evaluation of the project. Commerce will seek to maximize the program's impact by participating with dairy producers that can document a need for near-equity financing and demonstrate the management skills necessary to make the project successful.

Underwriting criteria will include factors such as the applicant's:

- Financial management skills: cost of production, debt per cow, return on assets, etc.
- Production management skills: milk production per cow, average somatic cell count, herd turnover rate, herd mortality rate, etc.
- Labor management experience.
- Environmental management skills. Previous experience implementing a nutrient management plan or managing waste storage and handling facilities is beneficial.
- Ability to secure private sector financing necessary to make the project successful.

## MVP Program Page 2

### **THE APPLICATION PROCESS:**

The MVP program is collaboration between the applicant, Commerce and the local municipality (typically the county). In addition to providing benefits to the dairy producer, the MVP program also provides benefits to the municipality by enhancing local economic development capacity. The MVP program is unique in that loan repayments made by the applicant will go directly to the local municipality to help establish or expand a revolving loan fund (RLF). The municipality can then use the RLF to assist other local economic development projects.

The MVP application process is as follows:

1. Interested applicants must first contact the Dairy 2020 Program Executive Director, who will discuss the project with the applicant, provide a copy of the application (Prospect Data Sheet) as well as identify other programs that could potentially assist the applicant.
2. The applicant will submit the completed Prospect Data Sheet along with a comprehensive business plan that fully describes and evaluates the proposed project to Commerce.

*Note: If the applicant does not have a comprehensive business plan, the Dairy 2020 Early Planning Grant program may be able to provide funding to develop one.*

To learn more about Wisconsin's Milk Volume Production (MVP) program contact:

Irv Possin  
Executive Director  
Dairy 2020 Program  
140 North Main Street  
P.O. Box 1303  
Fond du Lac, WI 54936-1303  
920/322-1888  
Fax: 920/929-7126  
Email: [ipossin@commerce.state.wi.us](mailto:ipossin@commerce.state.wi.us)

3. Commerce's Finance Specialist will underwrite the project and make a funding recommendation to the Secretary's Office, which will either:

A. Deny the proposal, in which case the applicant will receive a letter outlining the reasons for denial.

**OR**

B. Make a positive funding decision, in which case the applicant will receive a preliminary commitment letter fully detailing the terms and conditions of Commerce's participation.

4. Once a commitment letter is issued, Commerce will begin working with the local municipality to facilitate its submission of an application.

*Note: Federal regulations require the local municipality to hold a public hearing on the project and submit the meeting minutes and other items to Commerce.*

5. The applicant, Commerce and the local municipality will then enter into a written agreement detailing the terms and conditions of the award.
6. Commerce funds may be drawn after execution of the agreement by all parties.